



**CITY OF RYE, NEW YORK
FINANCE COMMITTEE MINUTES**

October 3, 2005 – 7:00 p.m. – Employees' Lounge, City Hall

Present: Michael Caponiti, Fred Dunn, Norm MacMaster, David Mullane, Jono Peters, and George Pratt; City Council liaison Franklin Chu; City staff liaison Michael Genito.

Absent: Sal Samperi

Guests: Peggy Peters

Update on Proposed City Occupancy Tax

Michael Genito reported that the City of Rye Occupancy Tax legislation (Assembly Bill A8015-B; Senate Bill S5387-A) had passed the Assembly and was currently being considered by the Senate. We anticipate that the bill will become law in 2005, but it must pass the Senate and receive the Governor's signature before doing so.

Popular Budget Report

David Mullane reported that the sub-committee (David, Norm MacMaster, and Michael Caponiti) initially determined that the report should answer three questions that the average person would want to know concerning the budget:

- 1) Where does the money go ("uses")?
- 2) Where does the money come from ("sources")?
- 3) How much debt do we have outstanding?

After some consideration the sub-committee decided that including the debt information may draw away from the focus on the uses and sources of funds. David distributed an outline that the sub-committee had prepared as an example of how the report would present this information, a copy of which is attached to these minutes.

Michael Genito offered the following comments in response to some of the questions and information found in the outline:

- Forfeitures are the surrender of deposits given to the City by individuals or firms as a guarantee to perform, where the individual or firm failed to perform. Forfeitures can also be the surrender of assets as a penalty when an individual or firm is convicted of a criminal act and the law provides for the taking of such assets. Examples of forfeitures include bail deposits forfeited when the defendant fails to appear as required; street opening, site plan, or other construction deposits forfeited when the contractor or applicant fails to complete the work as required, and the distribution of assets seized in drug-related cases under drug forfeiture laws.
- We should be careful not to use the same classification title of a revenue or expense as might be found in our other published financial reports, if we do not have the same items included in that classification. For instance, "non-property taxes" include sales and use taxes, and gross utility receipts taxes, but mortgage taxes are defined by New York State as "state aid". We can reclassify revenue and expense categories in the report,

provided that we have the appropriate notes or information in the report to advise the reader of the reclassification.

- Interfund activity falls into three categories:
 - 1) Interfund transfers – a transfer from one fund to another, where the funds are never expected to be repaid. An example would be a General Fund transfer to the Capital Projects Fund to fund a street project.
 - 2) Interfund revenues and expenses – a payment from one fund to another for the provision of goods and/or services. An example would be a General Fund payment to the Risk Retention Fund for the General Fund's share of costs related to risk services.
 - 3) Interfund receivables and payables – a temporary payment by a fund on behalf of another fund, where the amount is expected to be repaid within a year. Interfund receivables and payable usually occur when a fund is either short the necessary cash flow, or more commonly for efficient and cost-effective processing of payments to a vendor that applies to several funds. An example would be the payment by the General Fund of a monthly insurance bill that applies to all operating funds.

Michael Genito also noted that the report should include the enterprise (Boat Basin and Golf Club) Funds to emphasize their value to the City and its residents in the services they offer, and the fact that they are not only self-supporting but that they contribute significant administrative fees to the General Fund.

Much discussion ensued as to the format and content of the report. The Finance Committee generally agreed that the report should be designed in such a way that the average person easily recognizes the function being presented (for instance, "police" and "fire" rather than "public safety") and the costs associated with each category. The Committee was in agreement that the costs of function should be further defined as personnel (salaries and benefits), other operating costs (non-capital equipment, materials and supplies, contractual costs), capital costs (buildings, vehicles, capital equipment), and debt service. The Committee also agreed that there should be a separate page or section for debt, detailed by function, with an indication of the percentage of the operating budget associated with the related debt service.

The Committee concluded that Michael Genito should develop a model for the report using the fiscal 2005 budget document as a reference for the information. Michael Genito noted that he would develop the document in stages for review, comment, and adjustment with each stage, rather than attempting to develop an entire document that might require extensive editing.

Other Business

Franklin Chu noted that we need to improve the process and development of our five-year capital improvement plans (CIP). He noted that he has been on the City Council for four years, and in each of those years the need for a new police headquarters has been included in the CIP. Yet in those same four years he has never received a memo or other information concerning the proposed project.

Franklin noted, and the Finance Committee agreed, that we could improve the quality and content of information to voters concerning bond referenda to include not only the current information we typically present (purpose and size of the issue, estimated interest rate, estimated annual debt service, estimated annual additional cost to average home, etc.), but information such as our total debt outstanding, and perhaps even overlapping debt (county and school districts). Franklin offered to bring the issue to the City Council at this Wednesday's

(October 5, 2005) meeting for the Council's consideration and authorization to charge the Finance Committee to research the issue.

Future Finance Committee Agenda Items

The following items will be included in 2005 Finance Committee agendas:

- ❖ Development of a policy on the use of variable rate debt.
- ❖ Recommendation of a change in New York State law to increase the maximum maturity of bond anticipation notes from five years to the probable period of usefulness ("PPU") of the underlying assets.
- ❖ Discussion regarding annual budget calendar.

Next Finance Committee Meeting

The next regular meeting of the Finance Committee is scheduled for Monday, November 7, 2005 at 7:00 p.m. in the Employees' Lounge of City Hall.

Adjournment

Having no further business, David Mullane made a motion in his finest rendition of Sal Samperi to adjourn the meeting. Seconded by Fred Dunn with all in favor, the meeting adjourned at 8:30 p.m.

Respectfully submitted,

Michael A. Genito

SOURCES

Property Taxes

- Property tax levy
- Property tax items, e.g. interest and penalties on overdue taxes

Non-property Tax Items

[i.e. elastic revenues – which rise as economic base expands or inflation rises]

- Mortgage taxes
- Sales tax
- Gross utility receipts taxes

Inter-Governmental Revenues

- Federal Aid
- State Aid

Charges for Services

- [List City Departments that charge for services, e.g. Building Permits, etc.]
- I assume Rye Rec charges are included here. Need to break out.

Fines and Forfeitures

- We assume fines relate to parking tickets, traffic violations, etc.
- What would be an example of forfeitures?

Inter-fund Transfers

[These are charges to other funds for services rendered by the General Fund. We need to understand generally how this works and more details about the specific transfers made over the years.]

Licenses and Permits

[Details to be added]

Enterprise Funds

- Golf Club
- Boat Basin

[Note: If these entities are not only self-sufficient, but also positive contributors to the City's coffers, it would be illustrative to demonstrate this. We need to understand this better.]

USES

Note: The USES categories below will be presented as “Rows” in this section. The “Columns” will be the following: Operating Revenues, Borrowings, Federal/State Aid and Fund Balance. This format will demonstrate, at a glance, how the City paid for each of the identified USES.

Public Safety

- Police
- Fire
- Other Agencies, e.g. EMS, Building Inspection, etc.

The above categories will include a break-out of Salary and Wages and Employee Benefits.
[To Discuss: Break out related vehicle purchases as well.]

General Government Services

- City Council
- City Manager
- Other City Hall offices, e.g. Law; City Clerk; Assessor; etc.

The above categories will include a break-out of Salary and Wages and Employee Benefits

Community Environment

[The old category included roads and sewers; the new does not. We put roads and sewers in a separate section called Infrastructure]

- Planning
- Zoning
- Public works :
 1. Sanitation
 2. organic waste, recycling
 3. Community Beautification

Recreation

- Little League
- Soccer
- Fields and Parks
- Senior Programs and Center
- Add others similar to the above
- Rye Town Park
- Rye Youth Council
- Golf Club?
- Boat Basin?

[To Discuss: It may be effective to show these last two entries [Enterprise Funds] with all zeros next to them to demonstrate visually that they are self-sufficient and do not rely on operating revenues, debt or the general fund to support their activities.]

Culture

- Rye Reading Room
- Historic Square House
- Rye Arts Center

Financing Uses

- Transfers to other funds for capital items
- Debt service

Infrastructure Improvements

[Defined as long-lived and very expensive assets]

- Streets
- Drains
- Sewers
- Bridges

Other Major Improvements

- Buildings

[To Discuss: Specify what exactly the building was used for: e.g. fire house, police station, senior center, unless included under applicable group above.]

Vehicle Purchases (If not included above)

- Garbage trucks
- Fire Trucks
- Other City vehicles

Purchases of Non-Capital Equipment

[Again, do we need to know what program or service these are for?]

- Information Technology (computer systems, software)
- Furniture, Fixtures, Office Equipment, Supplies, etc.